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FIRST COUNTRY COOPERATION FRAMEWORK FOR THE SOLOMON ISLANDS (1997-2001)

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INTRODUCTION

1. The first country cooperation framework (CCF) for the Solomon Islands describes the strategy and areas of focus for UNDP cooperation, as agreed by the Government and UNDP. The CCF was developed through extensive consultations between the Government of the Solomon Islands and UNDP. As an initial step in determining the scope and nature of cooperation for the period 1997-2001, UNDP prepared two documents: (a) an advisory note on the CCF; and (b) a concept paper with regard to the Pacific subregional programme. The two documents summarized the UNDP proposals for cooperation at the global, regional and national level. In the advisory note, UNDP provided the Government with its views on how it might best support the Solomon Islands in its national development efforts. While the note presented the perspective of UNDP, it was informed by ongoing discussions between UNDP and the Government, the Government's current policy and programming documents, and information on the activities of other development partners. It also took into consideration the results of studies such as the recent series of Household Income and Expenditure Surveys, the National Literacy Survey, and the United Nations Children's Fund's situation analysis of women and children.

2. Following a seminar in Honiara on sustainable human development (SHD), that was attended by officials of key government departments and non-governmental organizations (NGOs) involved with UNDP programmes, formal consultations were carried out between UNDP and the Government. After these consultations, the preliminary documents were reworked by UNDP to focus more closely on the principal SHD concerns in the Solomon Islands, in order to constitute the basis for the first CCF.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

Development policies and priorities

3. The main policy goals of the Government of the Solomon Islands are: (a) to maximize the use of the country's natural resources to improve financial stability, meet the growing demand for employment and cash incomes, provide social services to the entire population and generally promote a more equitable distribution of the benefits of development; and (b) to foster a greater sense of national unity and national identity. These policies are aimed at overcoming the prevailing challenges to SHD in the Solomon Islands, which currently ranks as a least developed country.

4. The Government's policy for foreign aid sets out priority areas for assistance: (a) improving the living conditions of low-income and disadvantaged groups; (b) private sector development; and (c) employment generation. UNDP global areas of focus, namely, poverty elimination, employment and sustainable livelihoods, the advancement of women, and protection and regeneration of the environment, coincide closely with the Government's concerns.

5. According to the global Human Development Report 1996, in terms of its human development index value, the Solomon Islands ranked 122 out of 175 countries. According to 1994 data, life expectancy at birth is 70.5 years, the adult literacy rate is 64 per cent, and gross domestic product (GDP) per capita is $623. The human development index value of the Solomon Islands is buoyed by its GDP, its economic indicators being relatively stronger than its social indicators. This reflects the strong dualism in the economy of the Solomon Islands: the predominantly export-oriented commercial sector, based on timber, tuna, and the plantation crops of palm oil, cocoa and copra, and, in population rather than economic terms, the larger subsistence-level economy, which involves over 80 per cent of the population in village-based production activities.

Poverty

6. The level of poverty in the Solomon Islands is demonstrated by high infant and child mortality rates, low primary and secondary school enrolment rates, particularly for girls, and limited opportunities for people to improve their standard of living. Although infant and child mortality have declined markedly over the past decade, from 42 per 1,000 live births in 1986 to 32 per 1,000 live births in 1995, the rate is still high, with the main causes of death being respiratory and diarrhoeal diseases and malaria. Maternal mortality is also very high, at around 550 per 100,000 live births. Both child and adult mortality reflect a need for better preventive health services and antenatal care, especially in rural areas, as well as the lack of adequate clean water and sanitation in many communities. The high incidence of malaria has declined in recent years, but still carries a heavy national cost in terms of lost productivity and quality of life.

7. Even taking into account the considerable value of subsistence production and the importance of the distribution of goods and wealth among social groups and kin, there is marked inequality in income distribution in the Solomon Islands. A recent series of Household Income and Expenditure Surveys shows that average gross monthly household incomes range from approximately 460 Solomon Island dollars (SI$) in households in rural areas to SI$ 3,200 in households, in Honiara, almost a seven-fold difference. More striking are the vast inequalities in gross incomes within different geographic areas. Within rural areas, for example, 85 per cent of households had almost zero income from cash employment, while the 10 per cent of households with the highest incomes received almost 90 per cent of their income from that source.

8. Poverty eradication in the Solomon Islands is closely linked to improving access to social and economic services, particularly for people in remote areas; increasing opportunities for employment and sustainable livelihoods; ensuring economic growth with equity; improving environmental management; and resolving the national fiscal crisis.

Employment

9. Many people in the Solomon Islands operate primarily outside of the cash economy. People in rural areas support themselves mainly from subsistence-level farming with occasional cash sales or periodic paid work, such as in logging camps, as commercial fishermen, or on local plantations. Paid employment in the

formal sector is still scarce but has grown since the early 1980s, owing to an increase in economic activities, mainly in towns, and in public sector employment. The expansion of employment and income-generation opportunities, particularly in rural areas, are a major preoccupation of planners and policy makers. Economic activities, investments and paid employment are heavily concentrated in Honiara, and the rate of rural-urban migration is higher than the growth rate of jobs.

10. The situation is exacerbated by rapid population growth that far outstrips economic growth: in 1994, it was estimated that an additional 7,400 people entered the labour force while only around 500 new, wage-paying jobs were created. Another concern is the need to increase the means of sustainable livelihoods in the informal and subsistence sectors. The education system needs to provide greater access to vocational skills and practical training, since the limited skills of the labour force limit the Solomon Islands' capacity to respond to new opportunities for economic development as well as its capacity to absorb external assistance, further slowing the country's response to changing economic and social conditions.

Gender

11. Women in the Solomon Islands have quite limited opportunities to participate in political and economic life. The Government acknowledges the need for youth and women to participate in the overall development of the country and recognizes that women are disadvantaged in terms of education, training and employment opportunities. Only 17 per cent of adult women are literate. Females are under-represented in all levels of education. Poor education restricts the entry of women into the cash economy and keeps them in subsistence production. Only 14 per cent of women work in the cash economy compared to 37 per cent of men. Women account for less than 20 per cent of public sector employees and there are two and one-half times more men than women in professional and technical positions. The contribution of women to the cash economy is nevertheless increasing and the number of self-employed women is growing faster than the number of self-employed men.

Environment

12. Most people in the Solomon Islands depend on the natural environment for their livelihoods. Exploitation of the country's forest and marine resources is an issue of wide concern, sometimes creating heated debate between the Government and local communities, as well as within communities themselves. In 1995, the log harvest (850,000 cubic metres) was three times the sustainable rate and a 15 per cent increase over the 1994 harvest. High levels of transfer pricing and under-recording have led to an increased volume of log exports and a decrease in the percentage of log value captured as tax. The number of people who make their living by fishing is also growing quickly and similar concerns are held for the premature depletion of marine resources. Fisheries provide almost one half of all export earnings, yet the Government derives little revenue from the fisheries sector and as commercial exploitation increases, the number of people working as artisans has declined.

13. Improving environmental management in the Solomon Islands involves improving communication and coordination between the State and local governments and customary landowner groups. Attention to the important role of the customary land tenure system is an essential part of the development of an effective legislative and regulatory framework that will foster partnerships between the Government and communities to ensure the sustainable use of resources at the local level.

Governance

14. Weakness in the Government's efficiency and effectiveness is a major constraint to economic development. Problems identified include insufficient control over expenditure and inefficient public sector management, particularly in planning and managing the recurrent and development budgets. The public sector is the largest employer in the Solomon Islands and provides approximately one third of formal sector employment. In general, the public sector is characterized by too many employees, widespread duplication of functions and administrative structures, insufficiently defined lines of authority and accountability, and inefficient use of manpower and financial resources. Some controls were announced in 1994 but effective reform requires improvement in the budgetary process and substantial reorganization of the public service.

II. RESULTS AND LESSONS OF PAST COOPERATION

15. The fifth country programme for the Solomon Islands (1992-1996) focused on three programme areas: vocational training and entrepreneurship development; health improvement for disadvantaged groups; and development administration. Implementation emphasized increased national execution, more effective transfer of skills to local people, and a review of the roles of foreign experts and their counterparts.

16. The May 1995 mid-term review of the fifth country programme found the three core programme areas corresponded with the priorities of the Government and that the current projects were effective and beneficial. The major problem experienced was getting project activities under way. The indicative planning figure (IPF) for the Solomon Islands in the fifth-cycle was $5.4 million and by the end of 1996, $1.9 million or 35 per cent of the IPF remained uncommitted. In July 1996, the Government circulated its Policy on Foreign Aid, which set out clear guidelines as to the Government's priorities and its preferred modes of development cooperation. It is expected that this policy statement will support the efficient formulation and implementation of the first CCF.

III. PROPOSED STRATEGY AND THEMATIC AREAS

17. To facilitate coordination and monitoring of the activities under the first CCF, it was agreed to ensure that interventions are reinforced and expanded through the Government's participation in the subregional programme. Given the number of donors focusing on sustainable human development (SHD) themes in the design of their aid programmes, it was agreed that there will be close

coordination with other donors during the programme formulation phases of national and subregional programmes.

18. Given the experience of the fifth country programme and the comparative advantages of UNDP, the Government and UNDP have agreed that the main objective for UNDP during the period of the first CCF will be to assist the Solomon Islands to promote sustainable livelihoods and job creation and to assist disadvantaged groups.

19. While the Government enjoys considerable flexibility in determining the most appropriate use of the UNDP resources, UNDP has established the following parameters to meet its mandate and improve the effectiveness and quality of its assistance:

(a) Programming must support the UNDP mandate to strengthen SHD, with a specific focus on (i) poverty eradication; (ii) the creation of employment and sustainable livelihoods; (iii) the advancement of women; (iv) protection and regeneration of the environment; and (v) governance as a cross-cutting element throughout the aforementioned points of entry;

(b) The programme approach should be used to enhance the development impact of the interventions;

(c) Upstream interventions on strategic SHD policy issues should be promoted, along with selected downstream pilot activities to demonstrate and validate the policy issues advocated;

(d) Monitoring and evaluation of all interventions and their impact should be emphasized.

The possibility of contracting with a local organization to monitor impact on a regular basis from the beneficiaries' perspective was flagged.

20. Important considerations in the design of cooperation under the first CCF include how the Government might make better use of UNDP support and how the elements of the programme could be put together in a cohesive way that builds on the comparative advantages of UNDP and exploits them to their fullest. The financial limitations of the first CCF are another consideration, along with the neutrality of UNDP, the flexibility offered by the national execution modality, and the emphasis on achieving greater complementarity between the regional and national programmes. Funds from UNDP will be used by the Government as a catalyst around which to build and manage a comprehensive, integrated development effort.

21. UNDP cooperation will continue to emphasize building institutional capacity to provide clear and consistent policy directives. Programme interventions will therefore address both upstream policy and macroeconomic issues and downstream grass-roots activities. Clearly, development at the grass-roots level can only occur if the necessary institutions are in place and operating properly. Interventions will be complemented, where appropriate, by working through civil society organizations to implement innovative and catalytic projects.

22. During the course of the first CCF, more emphasis will be placed on monitoring, evaluation and impact, which will require greater investment in programme formulation to identify the desired impact and the establishment of benchmarks to track progress. Overall, the aim will be to help the Government to design and maintain well-focused programmes, with clear definitions of expected outputs and impact.

23. Building on the systematic exploitation of UNDP comparative advantages, UNDP will function as a bridge: (a) between the Government and civil society, to find new ways of harnessing the energy of civil society to pursue national priorities; (b) between the Solomon Islands and the region (through subregional programme) as well as the rest of the world, bringing the experiences of other regions to bear on development challenges in the Solomon Islands and assisting in efforts to advance national follow-up on global compacts, such as those of the World Summit on Social Development and the Fourth World Conference on Women; and (c) between the Solomon Islands and the wider United Nations community, including United Nations specialized agencies that are not resident in the Pacific.

A. Promotion of employment and sustainable livelihoods

24. The critical SHD concern in the Solomon Islands is that investments in human resources and productive capacity lay the foundation for a more diversified economy, in order to provide for a more equitable distribution of economic activity and national development, relieve the pressure on forest and marine resources, and provide a more secure source of livelihoods and income for the future. The promotion of sustainable livelihoods will be the main focus of activity of the first CCF. Technical assistance will help to develop an enabling policy environment that will reduce disincentives to private sector expansion and informal employment, and help to accelerate economic activities. This will involve activities to prevent the loss of existing livelihoods, enhance them and create new opportunities for sustainable livelihoods. Areas of intervention may include: improving resource management for non-commercial fishermen and community forestry; improving distribution and marketing systems; providing assistance in the area of food production; improving community food-handling and preservation skills; leadership training; eco-labelling; improving access to credit; promoting experimental business entry schemes; providing training in literacy and numeracy; and promoting the development of new products. While the emphasis will be on informal sector development, a number of issues in the formal sector will also need to be addressed and incorporated, such as the progress of public sector reform.

25. The programme will be implemented by the Government, using both national and UNDP resources. The participation of donors will be sought by UNDP. The programme modality will provide for a unified and integrated national approach to employment and the development of sustainable livelihoods. An initial activity will be to conduct a review of the overall national needs in this sector, initiatives under way and of resources already committed. This study will provide the basis for the identification of a strategy and programme formulation.

26. Programme success indicators will include: (a) local government and community-level resource management plans being developed and implemented in all provinces; (b) expanded opportunities for vocational training and entrepreneurial skills available through formal and informal education institutions and organizations in all provinces; (c) a 20 per cent increase in the number of students enrolled in vocational courses and a 30 per cent increase in the number of women successfully completing vocational training programmes; (d) a reduction in the extent of functional illiteracy by 50 per cent over the decade since 1990; (e) enabling policies formulated and legislation passed that provide opportunities for the private sector; (f) the expansion of agricultural extension programmes to food producers in all provinces; (g) mechanisms developed to facilitate market access for people in all provinces; and (h) direct access to micro-credit facilities available to people throughout the Solomon Islands and a substantial increase in the number of women benefiting from those facilities.

B. Capacity-building for vulnerable and disadvantaged groups

27. Activities in this area of concentration will aim at increasing the capacity of vulnerable and disadvantaged groups, including women, to participate in national development. A more equitable distribution of the benefits of development will foster a greater sense of national unity and identity and improve the situation of disadvantaged groups within the country. This thematic area will provide UNDP and the Government with the possibility to implement pilot projects at the community level in coordination with other donor organizations. The disadvantaged groups identified during the SHD seminar held in Honiara (see para. 2) included children, women, adolescent school-leavers, handicapped people, people living in heavily populated areas, frustrated entrepreneurs, the jobless, the elderly, and some migrant groups. Institutions that may be involved in assisting disadvantaged groups include government departments and ministries, churches, NGOs, rural training centres, the Solomon Islands College of Higher Education community, town councils, area associations and the media. The emphasis in the programme will be on achieving measurable, direct impact in two principal areas: (a) promoting SHD in the least developed areas of the Solomon Islands through improved education and health services and community development programmes; and (b) promoting the participation of women in national development and helping to overcome the various obstacles to this participation. Parts of this programme will be conducted through the subregional programme. Modalities for programme implementation may include small-grants and micro-credit schemes.

28. Success indicators will include: (a) increased enrolment in primary and secondary schools, especially of girls; (b) revised primary and secondary school curricula and school programmes that provide more training in the development of skills for sustainable livelihoods; (c) an improvement in literacy and numeracy skills among children in primary school; (d) further reduction in child mortality; (e) improvements in village sanitation in the least developed provinces; (f) direct access to micro-credit facilities for people in least developed provinces; (g) a substantial increase in the active participants in micro-credit schemes, particularly women; (h) evidence of investments in either viable enterprises or quality-of-life improvements emanating from micro-credit

schemes; and (i) supporting legislation and government seed money for local development schemes to benefit disadvantaged groups.

C. Participation in the Pacific subregional programme

29. The thematic areas described in the first CCF complement the core theme of the subregional programme for the Pacific - job creation and sustainable livelihoods. The intention is to develop a more integrated framework for all UNDP cooperation in the Solomon Islands during the period of the first CCF. Linking national, regional and subregional programmes should assist in the mobilization of additional resources for specific project interventions.

IV. MANAGEMENT ARRANGEMENTS

Aid coordination and management

30. Better information management can assist the Government to make more efficient use of its development assistance. The Government intends to extend its computerized communication system and to further develop its development assistance database.

31. The need for improved data collection, analysis and dissemination, particularly with regard to identifying disadvantaged and vulnerable groups, was raised on several occasions. The possibility of addressing this need through one of the UNDP non-core funding windows will be pursued.

Execution and implementation arrangements

32. An increased number of projects in the Solomon Islands have been implemented under the national execution modality. National execution will continue to be refined and strengthened and will, in accordance with the Government's wishes, continue during the course of the first CCF. As UNDP enters into strategic partnerships with private companies, civil society and research institutions, appropriate management arrangements will be explored.

Monitoring and review

33. In addition to the regular monitoring activities (i.e., tripartite reviews, monitoring visits, the mid-term review, etc.) to ensure the beneficial impact of activities under the first CCF, performance indicators will be developed at the design stage of all projects. Initial baseline data and benchmarks against which results can be assessed will be incorporated into project work plans. The first CCF will be monitored jointly by Government and UNDP, through consultation and monitoring visits by UNDP staff at least once every quarter. A triennial review of the CCF will be held in mid-1999.

Resource mobilization strategy and targets

34. The Government will work with the UNDP to mobilize resources in priority programme areas identified in the CCF. Towards this end, the Government and UNDP will seek partnerships with other donors for the funding of activities and will encourage bilateral and multilateral cost-sharing with UNDP to increase programme delivery.

35. Resource mobilization targets for the Solomon Islands, projected over five years, are shown in the table in the annex.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR THE SOLOMON ISLANDS (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	3 048	
TRAC 1.1.1	1 984	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	138	
Subtotal	5 170[a]	
NON-CORE FUNDS		
Government cost-sharing	595	
Sustainable development funds	-	
Third-party cost-sharing	992	
Funds, trust funds and other	30	Poverty Strategy Initiative
Subtotal	1 617	
GRAND TOTAL	6 787[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.